



Philip C. Habib, the U.S. special envoy, smiled Sunday as he left the Jerusalem office of Prime Minister Menachem Begin after talks on the evacuation of Palestinian guerrillas from Beirut.

## Differences Narrow on PLO Pullout

Compiled by Our Staff From Dispatches

**BEIRUT** — Guerrillas of the Palestine Liberation Organization will start withdrawing from West Beirut by the end of this week, Premier Shafiq al-Wazzan of Lebanon said Monday.

Mr. Wazzan spoke after meeting with Philip C. Habib, the special U.S. envoy, who had just returned from weekend talks in Israel. "I expect the implementation of the plan prepared by Mr. Habib at the end of this week at the latest," Mr. Wazzan said. He added that the Lebanese Cabinet would call on the United States, France and Italy to send troops as part of a multinational force to supervise the withdrawal.

Israeli Foreign Ministry officials said in Jerusalem that Israel's sole remaining demand was for the PLO to return a captured Israeli pilot and the bodies of nine missing Israeli soldiers.

Differences over a list of the PLO fighters who will leave the Lebanese capital seem to have faded as a result of Mr. Habib's weekend talks with Israeli officials.

The Israelis are saying now that they do not need to see the names of all those who are scheduled to leave. The number is estimated at 7,000 to 9,000. The demand was said to have alarmed the PLO, which feared that their members would be harassed by Israeli agents abroad.

Instead, it appears that the PLO will hand over a list of its fighters

### Guerrillas Surviving Beirut Raids

By John Kifner  
*New York Times Service*

**BEIRUT** — Hunkered down on his heels in the wasteland of broken buildings just a few dozen yards from Israeli positions near the Beirut airport, the Palestinian guerrilla officer was asked whether his men had had many casualties during last week's heavy bombing and shelling.

The company commander in the Popular Front for the Liberation of Palestine — he gave his name only as "Omar" — tossed his head back and made the short, sibilant sound in the roof of his mouth that is the Arab world's gesture of utter disdain.

"Not a single one," he said. "It is so difficult to hurt us."

What is becoming clear is that the stepped-up bombardments that began Aug. 1 and ended with a cease-fire after 11 uninterrupted hours of bombing Thursday had little effect on the Palestinian guerrillas in and around West Beirut.

While large sections of the city, particularly the Palestinian refugee camps such as Borg el-Barajini along the southern fringe, have been pounded into rubble, the guerrillas are emerging from basement shelters, holes and sandbagged positions almost unscathed.

"It's our tactics; we know how to protect ourselves," said the commander, a wiry, bearded man in an olive-drab T-shirt with a pistol stuffed in his belt, echoing remarks made by other Palestinian leaders in the past few days.

All around the shelter in a partly wrecked building, reached by climbing through a shell hole in the side, were acres of slabs of concrete and plaster, a smashed school still recognizable by the basketball hoop in the burned-out playground and bits and pieces of clothing and bedding.

It is typical of the hiding places all around the city where small bands of guerrillas have ridden out the bombing. Some of the half dozen in

(Continued on Page 2, Col. 3)

to Mr. Habib for checking by an international observer force and the Lebanese Army.

Israel is insisting on the return of Abrahan Abiaz, the pilot who was shot down and captured in southern Lebanon on the first day of the invasion June 6, and the bodies of nine soldiers missing since Israel's 90-day invasion of southern Lebanon in 1978.

The whole agreement could still be halted over this point," an

official said, adding that Israel would not object to the International Red Cross acting as an intermediary with the PLO to plan the pilot's return.

#### PLO Is Caution

Mr. Wazzan and his aides were expected to meet with PLO leaders to discuss the latest Israeli position. But before knowing of the details, Palestinian officials were suspicious of the reported Israeli con-

cessions and feared a catch somewhere in the "fine print" of Israel's proposals.

A PLO official, referring to Yasser Arafat, the PLO leader, said: "I don't think the Israeli want Arafat to leave any way except dead."

According to Israeli radio, Israel will now allow French troops to enter Beirut as soon as the pullout starts. The PLO had rejected Israel's earlier demand that the force

(Continued on Page 2, Col. 3)

## Signs of the '30s: Homeless Americans Take to the Road

By Margaret Engle  
*Washington Post Service*

row house that a former welfare recipient has turned into an emergency food pantry and shelter. She holds a yellow piece of paper informing them that they will be evicted from their house.

Maryland Social Services already gave the Pascoes emergency rent help, and they have borrowed all they can from relatives. The couple had to be restrained by friends from selling their modest furniture earlier in the afternoon in what would have been a futile attempt to pay off their \$390 in back rent and \$631 in unpaid utilities. Although they've struggled over the years, being without a home is something they've never had to face.

They are not alone. A new wave of homeless people is spreading throughout the country, from campgrounds in the South and West filled, not with vacationers, but permanent residents, to overcrowded public shelters and church basements in the nation's cities to depots, abandoned houses, alleys, streets, parking garages and cars.

"It's really sad you have to do this," says a woman who scrubbed the family's clothes by hand and hauled the blanke muddied by the nearly-daily rain to the washhouse, 10 minutes distant. "Everyone knew it was going to be rough."

Fourteen miles away, William Pascoe, a laid-off pipefitter, and his wife, Fawn, 37, who is dying of leukemia, sit in the kitchen of an East Baltimore

homeless fill to overflowing. The park benches become crowded at night, as well as day. The newest token of a failed American dream is a cardboard box.

The homeless are no longer only skid row bums. They include a growing number of women, former blue-collar workers and entire families who can no longer pay rents and mortgage payments because they have lost their jobs or, in some cases, government benefits.

#### More Evictions

Soaring housing costs, an increase in evictions for failure to pay rent, endless waiting lists for public housing and a slowdown in new building of low-income housing worsen the problem. The number of wanderers has also been swelled by the mentally ill, following the large-scale release of some 126,000 patients from state institutions throughout the 1970s into an outside world little able to deal with them.

In Baltimore, Chief Constable Andrew Slye, whose 28 armed deputies carry tenants' belongings to the street corner, said, "It's a highly emotional situation up here. People are being put out for the first time. Landlords sought to evict 25,863 tenants in the first six months of this year, 3,264 more than in the same period last year.

The impact can be seen at Baltimore's 20-bed YWCA shelter, which has been full since the night it opened last fall. "We've turned away 297 women in the first nine months," lamented Jane Christie, its executive director. "We expected bad ladies, but we're finding a new type, a lot of women with college educations. We've had one Ph.D. The staff is finding former co-workers from other jobs here, and that really shakes them up."

A report on homelessness in the city of Richmond, Va., found a trend in "single men, women and whole families attempting to relocate to the city. They have fled dismal conditions elsewhere, coming from as far away as Washington and Oregon." It is a kind of desperation alarmingly reminiscent of the Depression, according to Valerie Marsh, a Richmond social worker who helped start Emergency Shelter Inc. in February to handle the influx.

Don Ryan, president of the camping division of Kampgrounds of America, in Billings, Mont., said the new "residential" camping began with retirees in travel trailers but now involves young families with smaller cars and tents. "People are at the campgrounds because they can't afford housing in town. It's happening in the West principally — Oklahoma, Colorado, Utah, Wyoming," Mr. Ryan said.

## Reagan Aide Concedes Failure of '81 Tax Cut

By David Hoffman  
*Washington Post Service*

business," adding that he supported Rep. Kemp last year in some of the things he did not believe in.

Sen. Dole warned of dire consequences for the Republicans should Mr. Reagan lose the tax increase. "In my view, if the president loses then he has real problems in the party and in the country and in November of this year trying to help Republicans," he said.

Mr. Baker warned that economic recovery and declining interest rates would be jeopardized unless Congress agreed to "responsible surgery" on federal deficits. This has been Mr. Reagan's leading argument for the tax bill — that it is necessary to win spending cuts from Congress — and he was expected to take that tack in a nationally televised address Monday night.

Asked whether the runaway deficits are the result of the tax cuts Mr. Reagan engineered through Congress last year, Mr. Baker conceded a relationship. He dodged questions about whether Mr. Reagan would trim his military buildup or instead cut Social Security and other such programs.

The president was more explicit in an interview published Monday in The Washington Times. "We have an obligation that I accepted during the campaign of one area where there would be increased spending. And that was to rectify the damage that has been done to our national security and national defense," Mr. Reagan said. "And, many times in the campaign, I was asked by people in question and answer sessions ... if I found that I came down to a choice of balancing the budget or doing what needed to be done for national defense, which side would I come down on? And I said every time, 'On the side of national defense.'"

Many economists say that the reason the supply-side tax cuts have not performed as promised is that the Federal Reserve's tight money policy threw the nation into recession last year, and overwhelmed any stimulative effect the cuts might have had. That tight money policy, however, has had Mr. Reagan's blessing.

Of the battle over the tax-increase plan, Sen. Dole said, "This is a test of leadership. This is a test of whether or not the president is going to determine economic policy, or a group of Republicans or Democrats who may have a different view."

"Maybe we went too far last year with some of Mr. Kemp's ideas," Sen. Dole said. "I never really understood all that supply-side



President Reagan led 35 Republican members of Congress on a walk Sunday at the presidential retreat at Camp David, Md.

The meeting with the legislators was part of the president's effort to assure passage of a \$98.3-billion tax increase proposal.

## U.S. Encouraged by a New Momentum in Central America

But Washington Has Warned of Major Response if MiGs Are Shipped to Nicaragua

By Don Oberdorfer  
*Washington Post Service*

**WASHINGTON** — While the international spotlight may have strayed from Central America, the struggle in that region has broadened. The Reagan administration, however, is breathing easier in the belief that recent tests have been summitted and the United States and its regional allies are no longer losing.

"Nobody is saying any more that the Salvadoran government is going to fall. Nobody is saying that Honduras is going to fall. The notion that the Nicaraguan revolution is going to sweep others in its path is gone," according to a senior U.S. State Department official.

It is the general Washington view that the past few months have seen a halt to erosion in the U.S. position and to guerrilla momentum. Nobody, however, contends that the change has gone far enough to put the Cubans, their Nicaraguan allies and other insurgent forces out of business.

Washington officials continue to forecast that Soviet MiG fighters will arrive in Nicaragua, probably from Cuba. Crates that Pentagon analysts believe contain MiG-17s reportedly were sighted recently at a Cuban port, and 70 Nicaraguan pilots and ground

personnel are still being trained in Bulgaria and Cuba.

The long-awaited arrival of MiGs in Nicaragua would be considered a major escalation and unquestionably would bring a major response from the United States. Nicaragua reportedly has been put on notice of

Options known to have been under study by the United States and its allies include:

- U.S. military action to destroy the MiGs.
- A blockade or quarantine of Cuba or Nicaragua.
- Tightened U.S. economic restrictions on those two countries.
- Temporarily stationing U.S. aircraft and military planes in Honduras and Colombia.
- A stepped-up supply of U.S. combat aircraft.
- A political assault on the MiGs in the Organization of American States and other international organizations.

Even without importation of Soviet military planes, the conflict in Central America seems to have broadened geographically in recent months. Supporters as well as opponents of U.S. policy see the tightening links between various national battles as a tendency toward regional conflict.

"It has been regionalized by [Fidel] Castro and Nicaragua with the support of the Soviet Union," said Pentagon policy-maker. "It would be folly on our part not to think of the defense in regional terms."

Evidence of the regional link, according to U.S. State and Defense department officials, includes Costa Rica's expulsion late last month of three Nicaraguan diplomats on charges of participating in the bombing of an airline office in San José.

Additional evidence, according to a U.S. official in Washington, arose from the seizure on July 8 of a guerrilla hideout in a suburb of the Honduran capital, Tegucigalpa. Reportedly the hideout yielded clandestine radio equipment, Chinese and Israeli weapons, bombs of the type used in an attack on a Honduran power station, electrical workers' uniforms and documents.

A U.S. official acknowledged that the United States is helping Honduras intercept supplies from Nicaragua to the Salvadorean insurgents.

This evidently is a reason for the continuing covert CIA operations in the Honduran-Nicaraguan border area, recent joint U.S.-Honduran military operations there and stepped-up U.S. military assistance, including a decision to augment the Honduran Air Force with six A-37 light attack planes.

The two-week U.S.-Honduran military operation involved U.S. pilots, mechanics, air traffic controllers and two U.S. C-130 aircraft helping to transport a Honduran battalion to a new base just north of Nicaragua.

A policy of continuing military pressure against Nicaragua is reliably reported to be part of U.S. strategy, although the Reagan administration does not publicly acknowledge it.

Nicaragua, in a diplomatic note delivered to the State Department early this month, protested that the U.S.-Honduran maneuvers "represent a clear and open provocation which appears to be aimed at causing an unnecessary war between Honduras and Nicaragua, with unforeseeable consequences."

Meanwhile, a major Honduran military sweep this summer along the Honduras-El Salvador border brought a protest in June from the umbrella organization of Salvadorean guerrillas.

A Pentagon official said the Honduran sweep into a no-man's-land that is in dispute between Honduras and El Salvador. The operation was coordinated by the Honduran and Salvadorean armies to interdict

(Continued on Page 2, Col. 4)

**INSIDE**

■ More big U.S. banks cut their prime rates, some to as low 14 percent. Share prices surged but faded late in the day.

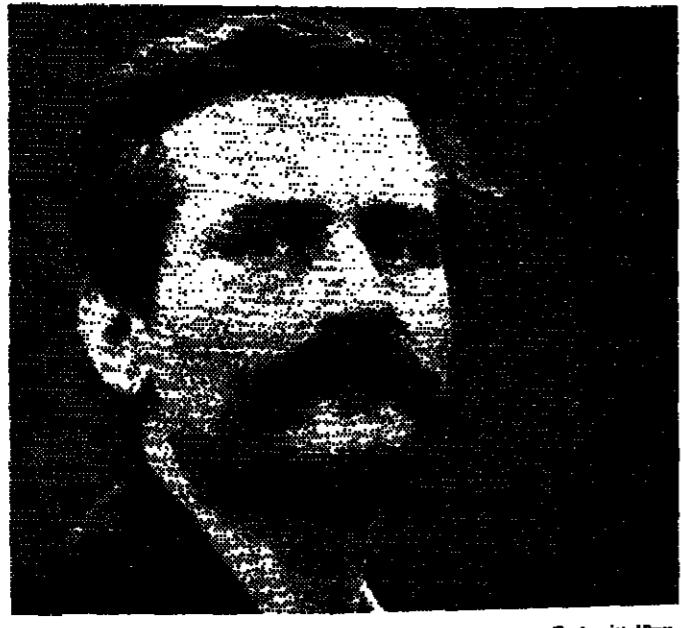
■ In Namibia, there was, by some accounts, to have been a cease-fire in place Sunday. This would have started the territory's long-discussed transformation to independence.

■ The Soviet Union, eight months after launching a series of offensives to isolate and destroy major pockets of the Afghan resistance, has apparently failed to permanently eliminate any of them. Moscow reportedly has paid dearly for its more aggressive tactics, sustaining higher casualties than at any time since its forces intervened in Afghanistan in 1979.

■ As more Chinese are allowed to travel abroad, China's Communist regime is being forced to contend with a rash of prominent defections.

Now the government has begun to stiffen restrictions on overseas study.

Page 3.



Lech Wałęsa, the Solidarity leader, is a symbol for Poland.

## Wałęsa, Detained but Not Forgotten, Still Makes Waves

By Serge Schmemann  
New York Times Service

**WARSAW** — His name is sung in illicit words to the national anthem. His photograph is displayed on monuments, altars and walls from Gdańsk to Krakow. "Free Lech" is scrawled on factory walls and chanted at rallies, and letters addressed simply to "Lech Wałęsa, Poland" reach his wife.

It was two years ago last Saturday that Mr. Wałęsa, an unemployed electrical fitter, was hoisted over the fence of the strike-bound Lenin shipyards in Gdańsk and into modern Polish history.

Almost immediately, his walrus mustache, twinkling eyes, raspy voice and worker's syntax became virtually synonymous with Solidarność and the unprecedented national movement it touched off.

He donned an ill-fitting suit to visit Pope John Paul II. He visited France, Switzerland and Japan. He gave innumerable interviews to foreign journalists and mesmerized mass rallies in Poland.

Toward the end, the "Polish experiment" had gained a momentum of its own that seriously under-

mined Mr. Wałęsa's control of Solidarność, and he spent increasing time in the months before the imposition of martial law last December cross-crossing the country in his white Polski-Fiat sedan in ever more rancorous and difficult attempts to keep union militants in check.

But those memories have faded in the eight months since Mr. Wałęsa last appeared in public, and his absence seems only to have enhanced his legend and emotional authority.

The future of Solidarność is uncertain today. Underground leaders have called for a campaign of protests culminating in nationwide marches on Aug. 31, the date Mr. Wałęsa signed the Gdańsk agreements with the government. These made independent trade unions legal for the first time in a Communist state and transformed the illegal strike committee led into a national union.

Strong police tactics have shown that the authorities intend to deal forcefully with any mass demonstrations, and the government has rejected any notion of reviving Solidarność in the freewheeling, politically potent form it had before.

But while Solidarność as an organization struggles for survival, its name lives on as a powerful symbol of resistance to the martial-law authorities. And Mr. Wałęsa, the only figure of nationwide stature to emerge from 18 months of Solidarność activism, has been raised in the public consciousness into that uniquely Polish pantheon — along with the Polish pope and Cardinal Stefan Wyszyński — of national heroes whose names become rallying cries of nationalism and defiance.

Attempts by the government to discredit Mr. Wałęsa have been in vain. In a recent newspaper interview, Deputy Premier Mieczysław Rakowski, regarded as one of the more liberal advisers to Gen. Wojciech Jaruzelski, the military leader, said that Mr. Wałęsa was "not a man of steady views" and that his vision of Solidarność was changing.

But Mr. Wałęsa's refusal to negotiate with the government, reportedly unless his senior advisers are allowed to join him, has posed a serious problem for the government. His continued detention only serves to enhance his national stature and to prolong the criticisms from the West, but his release

would mean losing a force of unpredictable impact on society.

So Mr. Wałęsa lives on at Ardonowa, a luxurious and isolated hunting compound near the Soviet border built by Edward Gieret, the former Polish leader. Mr. Wałęsa's wife, Danuta, who recently returned with her seven children from a visit there, said his worst problem is boredom.

Mrs. Wałęsa said her husband lives in a room in one of the lodges with a guard permanently posted nearby. She said he talks to his guards, but apparently out of fear that they may fall under his sway. The Interior Ministry rotates them weekly.

Mrs. Wałęsa met reporters in the six-room apartment in a dacha district of Gdańsk into which the government moved the family after Mr. Wałęsa became head of Solidarność. She said she can visit her husband as often as she likes but cannot communicate with him between visits. The major problem is the distance to Ardonowa, she added.

That may soon change. Reports are circulating that the authorities are planning to move Mr. Wałęsa to a lodge near Olszyna, only 30 miles (130 kilometers) southeast of Gdańsk.

## Reagan, Like Carter, Has Learned Difficulties of Dealing With Begin

By Edward Walsh  
Washington Post Service

**JERUSALEM** — President Reagan has been learning the hard way this summer what Jimmy Carter could and perhaps did tell him — that Menachem Begin can be a difficult man to deal with.

Mr. Carter never developed for Mr. Begin the kind of intense, visceral dislike that he had for Chancellor Helmut Schmidt of West Germany. But the Israeli prime minister, with his stubborn independence, his tendency to lecture all his listeners on the history of the Jews, and his incessant haggling over detail, thoroughly exasperated the 39th president.

By the end of his term, Mr. Carter made no secret of his almost unbounded admiration for the late Egyptian president, Anwar Sadat, who shared with him and Mr. Begin the 13-day ordeal that produced the Camp David peace accords.

Now it is Mr. Reagan's turn to deal with Mr. Begin, and within the last two weeks the experience has produced two angry outbursts from the White House over Israeli military actions in Beirut.

### Verge of Success

The first occurred Aug. 4, when Israeli ground forces pushed into West Beirut just hours after Mr. Reagan had sternly warned the Israeli foreign minister, Yitzhak Shamir, of the importance of maintaining the cease-fire during the delicate negotiations by the U.S. special envoy, Philip C. Habib, to arrange a peaceful withdrawal of the Palestinian guerrillas from Beirut.

"I will not do so," Mr. Begin said in a cable to an opposition lawmaker that was made public by his office. "Ariel Sharon is a good minister. I have confidence in him."

Mr. Begin's cable was sent to Mordochai Wissotsky of the two-man independent faction known as Shimun (Change). In his cable Mr. Begin said that he could not fire the minister even if he wanted to, because the only way to remove a minister is to bring down the entire Cabinet and reconstruct it.

But Mr. Wissotsky contended that the prime minister has the right to dismiss individual ministers under a law enacted last year.

"I am calling on Begin to ex-

ercise the limits of putting pressure on Menachem Begin. The prime minister finally responded to Mr. Reagan's message and even managed to emerge from the day's events looking something like a dove compared to Mr. Sharon.

But while Mr. Begin will act when confronted with an angry president, this analyst warned, any action that goes beyond threats and angry words is bound to produce an unpredictable but counterproductive Israeli response.

"You have to handle him in a very peculiar manner, knowing that if you do something concrete against him, he will do something concrete against you," the official said. "This is the Begin who was not afraid to fight the British during World War II. The president calls and Begin says, 'Oh, I see you are upset,' and calls off the air raids. But the moment you hit him, he hits back."

## Begin Rejects Demand That Sharon Be Fired

The Associated Press

ercise that right in relation to Sharon because he does not command the confidence of his fellow ministers and he is not believed by the people," Mr. Wissotsky said.

Mr. Sharon was criticized by Mr. Begin and almost all his other fellow ministers at a Cabinet meeting last Thursday for having ordered two days of bombing that halted diplomatic meetings in Beirut. On Sunday, Mr. Begin said at another Cabinet meeting that the Sharon matter was closed and that the Cabinet should unite.

Mr. Begin has repeatedly compared the Palestine Liberation Organization with the Nazis, and the references were condemned Monday as "vulgar" by two Israeli historians, Shmuel Ettinger and Israel Gutman, during a speech at a monument to Jews killed in the Holocaust.

The speeches came at the end of a weekend hunger strike by a Holocaust survivor protesting the Israeli invasion.

## WORLD BRIEFS

### Iran Executes 70 in Plot, Exile Says

LONDON — About 70 Iranian military officers have been executed in connection with a plot allegedly masterminded by former Foreign Minister Sadegh Ghotbzadeh, who is now on trial before a military tribunal. Iranian sources said Monday.

Quoting a senior army officer involved in the plot who managed to escape to Paris, the sources said the officers were shot by firing squads over the past three weeks.

Iranian journalists covering Mr. Ghotbzadeh's trial said he was led into court blindfolded Monday. He has to conduct his own defense since under Iran's Islamic laws defendants are not allowed counsel.

Begin Does Nothing

The bombing of Beirut began at 6 a.m. Thursday and was widely known in Israel shortly thereafter from early-morning news reports. Eight hours later, Mr. Begin met with his Cabinet and was later described as upset and angry at Mr. Sharon's decision to order the air strikes. But in the intervening time, the prime minister apparently did nothing to call off the bombardment.

He had the power to issue a direct order to his defense minister, or at the very least to convene an early-morning emergency Cabinet meeting to hear an explanation of the bombing from Mr. Sharon.

Mr. Begin did neither. While the bombs fell on Beirut, he spent much of the morning in parliament, delivering a speech in the course of a debate on the war. Later, he met with a group of American Christians, telling them "we are nearing an agreement" for a peaceful resolution of the crisis.

The news reports of the new Israeli assault prompted several Cabinet ministers opposed to Mr. Sharon's tactics to call for an emergency meeting. But the Israeli Post later reported, and senior Israeli officials confirmed, that when the Cabinet finally did meet at 2 p.m. it was at the instigation of Mr. Sharon and the chief of staff, Rafael Eitan, who were seeking authorization for another move on the ground by the Israeli Army.

By then, however, Mr. Reagan's threats to call off Mr. Habib's mission unless the bombing stopped had been delivered to Mr. Begin. As a result, Mr. Sharon and Gen. Eitan were turned down and the defense minister was stripped of the freedom that he had been

given to order air strikes on his own.

In a later telephone call, she said she was somewhat worried after her husband, Sergiu, a 36-year-old architect, returned from the passport office in the afternoon. "My husband brought new forms we have to fill in and will be back in the passport office tomorrow," she said. "That means it might take another two weeks until we get actual documentation."

Gandhi Prevails in Confidence Vote

NEW DELHI — The ruling lower house of Parliament rejected an opposition motion of no confidence Monday against Prime Minister Indira Gandhi's government following a stormy, eight-hour debate.

The motion was defeated, 327-110, after Mrs. Gandhi defended her administration against charges of corruption, economic failure and collapse of public order. Mrs. Gandhi's political opponents — leftists and rightists — accused the 64-year-old leader of building a "personal cult," attempting to undermine the freedom of the press and judiciary, helping big business by liberalizing industrial policy and failing to check growing caste and communal violence.

Opposition speakers also described the recent agreement between Mrs. Gandhi and President François Mitterrand over nuclear fuel as a sellout. Under the accord, France would replace the United States as the supplier of uranium fuel for India's U.S.-built Tarapur atomic power station. In exchange, India would maintain international safeguards at the plant.

Compiled From Agency Dispatches



## Guerrillas Surviving Beirut Raids

(Continued from Page 1)  
shelter had fought at Dourou; others near the airport or in the mountains.

Where the guerrillas have lost men, it has been mainly in fixed, exposed positions such as the anti-aircraft guns that fire futile bursts below and behind the Israeli jets.

But a little way off, on the eastern edge of Borge Barqini, is a multi-story apartment building under which more than 100 persons are believed to be buried. Rescue workers have had to abandon efforts to dig them out because of snipers.

Doctors at the hospitals and first aid centers say the overwhelming majority of the victims are civilians. At least 500 persons are reported to have been killed or wounded in Thursday's raids alone, and the number could be far greater because of the collapsed buildings.

Compared With Jews

The new Arab-American boldness has raised inevitable comparisons with American Jews, according to one of their spokesmen.

Mary Zumot, who was born in Jordan and now teaches political science at Mercer University in Atlanta, said when she calls newspapers and television stations to urge them to cover Arab causes, she is often told by editors — not in a hostile way — that Arabs "are beginning to be like Jews" in their attempts to get media coverage.

Louis DeBakey, professor of scientific communication at Baylor College of Medicine in Houston, is widely known for her writings on media and language. Miss DeBakey, sister of the heart surgeon Michael DeBakey and the daughter of Lebanese parents, said a strong public campaign by Arabs could show non-Arabs that they are "not all greedy, oil-rich sultans lying down on couches and eating grapes while servants are at their beck and call."

At the American Jewish Committee, Hyman Bookbinder, the committee's Washington representative, said, "There is a heightened sense of pro-Arab consciousness that may make our job a little tougher."

At the same time, Mr. Bookbinder struck a conciliatory note: "I welcome this greater political sophistication because sooner or later the war will stop, and there will be a need for all of us to urge the rebuilding of that part of the world."

Despite the optimism and behind-the-scenes preparations, Israeli planes flew several reconnaissance missions Monday over Beirut. There also were reports of scattered sniper fire and Israeli-PLO clashes in eastern Lebanon.

Fresh fruits and vegetables appeared Sunday in West Beirut

for the first time in weeks, but they were selling for two to four times their pre-invasion cost. Vendors were evasive when asked how they got past the Israeli blockade.

Although the Israeli Army has relaxed a three-week-old blockade on water and food supplies to West Beirut's half-million civilian residents, a ban remained in force on electricity and fuel supplies for a fourth week.

A poll published Monday, meanwhile, indicated that more than two thirds of the Israeli public did not believe that the war in

the first seven months of 1982 was 130 percent in annual terms, compared to 100 percent in the same period of 1981.

Lebanon had eliminated the problem of Palestinian guerrillas.

In a survey of 1,194 Israelis, 20 percent said they believed the guerrilla problem was solved by the war, 76 percent said it was not.

Israel's inflation accelerated last month, in part because of the war in Lebanon, according to data made public Sunday by the Central Bureau of Statistics in Tel Aviv. The rate of inflation in the first seven months of 1982 was 130 percent in annual terms, compared to 100 percent in the same period of 1981.

This suggests that Mr. Begin has on occasion found it convenient to recede behind the considerable shadow cast by his defense minister.

Begin Does Nothing

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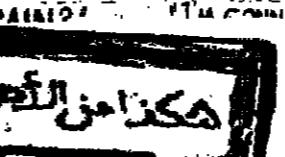
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## Reagan and the Israelis

From THE WASHINGTON POST

It is a fair question whether President Reagan should have bitten his tongue, as he did over the last two months in contained public expression of his feelings about the loss of civilian life in the Lebanon war.

His suggestion on Friday that he was discreetly deferring to "the sensitivity of the negotiations" sounded pretty lame. Probably more often he was deferring to an expectation that the invasion might produce certain specific and desirable political results, shared in varying measures with Israel: quiet on the Israeli-Lebanese border, a new political deal in Lebanon, the breaking of the PLO's organized military and terror operations, a demonstration of Soviet regional irrelevance, and a push to the long-stalled talks on Palestinian autonomy in the West Bank.

Mr. Reagan would have done better to keep his political objectives front and center throughout the invasion period, if only to give a clearer focus to the debate over Israel's tactics in pursuing them.

Mr. Reagan seriously erred in being so sparing and "diplomatic" in his public comments. He overread the requirements of his political purposes. As a result, Israeli hawks found it easier to argue either that the U.S. administration agreed with their battering ram policies or that no great price would be exacted if Israel continued them.

Unquestionably, Arabs and others distort and exaggerate when they hold the United States responsible for all Israeli deeds of which they disapprove. But there is a measure of truth there all the same. The United States is not entirely without responsibility for Israeli deeds, especially in the Beirut context of day-after-day assaults. It would be inexcusable if President Reagan and other Ameri-

cans were not to ponder hard whether the toll might have been reduced by more forceful expressions of dismay.

It is argued that repetition would have dulled the point of protest. But that is only true if you believe that the Israelis would have ignored the protests and, more important, that Mr. Reagan would have idly stood by while the Begin government did so.

We do not believe it for a minute. Look at the Israeli response to the "outrage." Mr. Reagan finally voiced personally to Mr. Begin on Thursday, as Washington became aware that on that very day — as the details of the PLO withdrawal from Beirut were being tracked into place — Israel was conducting the most deadly attack of the war.

There are and will be various Israeli versions of this sequence, which involves possibly the most strenuous tasks of civilian control of the military in Israel's history.

For Americans, the point remains that President Reagan's personal intervention was followed by a quick cease-fire and by an Israeli Cabinet decision to install new procedures for keeping the armed forces in a properly subordinate position.

In Israeli politics, opprobrium attaches to being seen to bend, or anything, to "American pressure." Defense Minister Ariel Sharon taxed Menachem Begin on this score after President Reagan telephoned the prime minister on Thursday. But that is not something that ought to slow down an American president who sees Israel, or for that matter any other friendly country, doing something that is believed contrary to American interests and values alike. In those conditions, pressure should be brought to bear, and no one should have any doubt about it.

## Caribbean Countdown

From THE NEW YORK TIMES

There are sound reasons why the U.S. Congress should approve the Caribbean Basin Initiative, and they are not quite so obvious as one might think.

Nearly half of America's imports and exports pass through Caribbean waters, including three-fourths of our oil. The region itself has become a \$7 billion market, and legal immigration to the United States has increased dramatically — one of five Barbadians and one of six Jamaicans are now living here. And when there are political upheavals and economic slumps in the Caribbean, illegal immigration jumps just as dramatically.

The Senate was evidently listening when Secretary of State Shultz ticked off these practical points. It has voted the \$355 million in direct aid requested by the administration. It also seems ready to support the plan's more imaginative components: duty-free entry for most products from the basin and tax credits of up to 10 percent for American investments there. But the funds could be lost in a budget fight with Congress, and the other concessions may not even come up for a final vote.

Opponents hope to scupper the Caribbean initiative in the House, where the Ways and Means Committee is taking its sweet time.

The administration has already gone pretty far to placate domestic interests.

Tourists and apparel have been excluded from duty-free treatment, sugar growers are being paid off with import quotas and a promise of price supports, and there would be relief for any industry hard hit by Caribbean imports.

To some industries like leather goods, that does not seem enough. Their lobbyist can exploit a potent misgiving expressed by Sen. Pat Leahy: "I feel awfully nervous about going back to Vermont and saying I voted for a half-billion dollars in foreign aid and not knowing what it is I voted for."

If the president is sincere about his Caribbean initiative, it is his job to explain to Vermont voters why Sen. Leahy, a Democrat, was wrong to oppose the initiative. Reagan also has to weigh the risks of losing \$355 million in direct aid if he should decide to veto the \$14 billion supplemental money bill now before House-Senate conferees.

Defending foreign aid and promoting development are not tasks that come easily to the Reagan team. But if it galvanizes support in the House, it may yet be able to claim one clear foreign affairs achievement on the administration's largely empty slate.

## 'Calm, Pleasant Death'

From THE NEW YORK TIMES

The idea, once, was to make death horrible. That tested the imagination. The condemned were burned at the stake, or torn apart by teams of horses, or smeared with honey so that they might be slowly eaten up by insects. The ancient Romans would see a man into a cloth sack with a monkey, a poisonous snake, a fighting cock and a wild dog and toss the sack into the sea.

Now the idea is to make death easy. That tested technology. The guillotine, the electric chair and the gas chamber were attempts to improve upon the unreliable, inelegant hangman's noose.

The latest technical advance, recently endorsed by New Jersey's Governor Kean as he signed the death penalty back into law, is the lethal injection.

The condemned person is strapped to a hospital bed, according to an interview with a developer of the method in Stephen Gertinger's "Sentenced to Die."

An intravenous tube is inserted deep into an arm or leg. Once a neutral fluid is flowing well, the executioners administer a huge dose of anesthetic, a muscle relaxant, and then a drug to stop the heart.

"That's it — the man's dead," exclaims a doctor who has promoted lethal injection, now authorized for use in four states. "If ever I've seen a calm, pleasant death it's an anesthetic death." Mr. Kean describes it as "the most humane form" of administering the death penalty.

Over the centuries, as societies became more rational, they rejected as barbarous the tortures and executions conducted as spectacles to express the outrage of the king.

Incarceration became the main practice. Only execution remained, used less and less frequently and then abandoned for all practical purposes in America in the late 1960s.

In recent years, though, states like New Jersey have restored death penalty laws, and five executions have occurred in the past few years. Yet the penalty remains for the most part abandoned — four of those executions, including last week's in Virginia, were more like suicide; the victim had called a halt to legal appeals and requested death.

However bloodthirsty popular demands may become, public officials charged with carrying out capital punishment continue to feel squeamish about restoring it to modern society. That is why so civilized a man as Gov. Kean reaches to lethal injection; it seems to civilize execution.

He is kidding himself. Making death less dramatic and less painful does not make it more rational. The death penalty still offers no demonstrable deterrent effect, nor does it protect the public any more than life imprisonment without parole. It is not even economical, given the expensive legal procedures required for an execution may take place.

Call the new technique "humane" if you like. The sentence of death is still an expression of vengeance, and it is still barbaric.

## AUG. 17: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Bombing of Casablanca

1932: A New Lindbergh

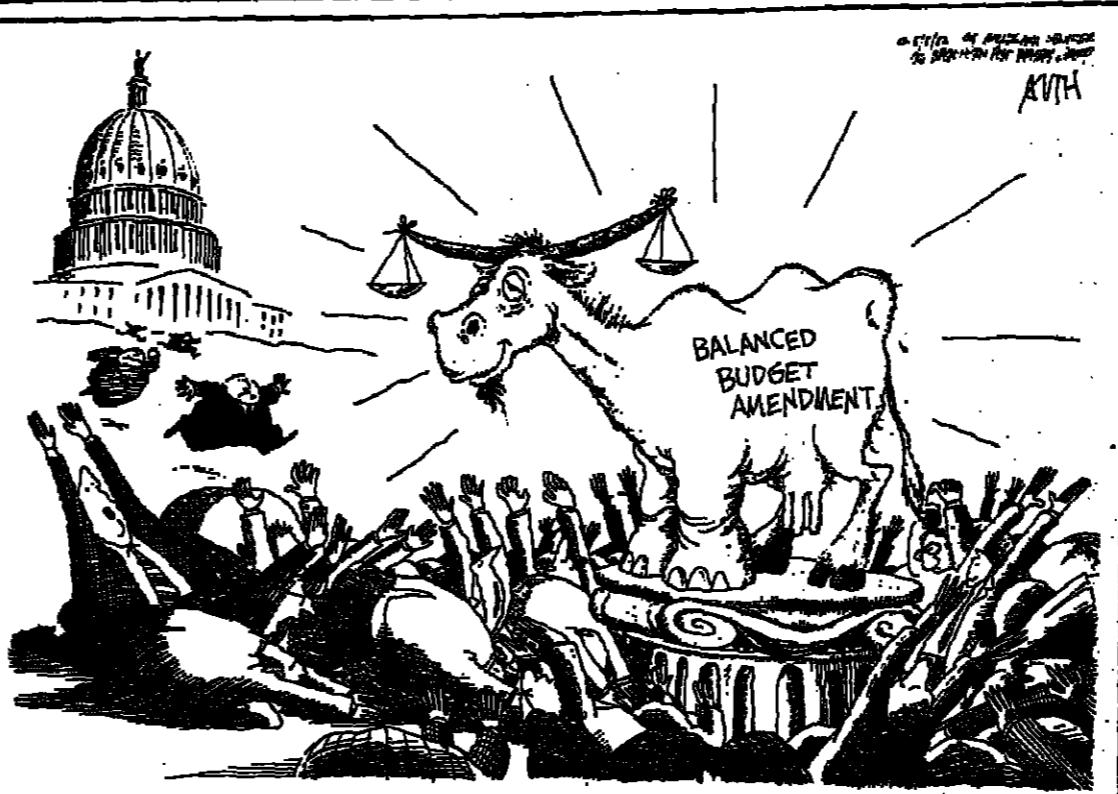
**PARIS** — Today's editorial in the Herald reads: "It may be true, as official communiques affirm, that signs of improvement are beginning to show themselves in the Moroccan situation, but they are certainly not yet visible. It would be difficult to imagine a more critical state of affairs than the one existing at Casablanca. Even the most optimistic of the communiques cannot disguise the fact that the Arabs have been exasperated, rather than cowed, by the terrible bombardment; that they continue to harass the French forces; that the latter are numerically inadequate to do more than remain on the defensive. Such a situation cannot be prolonged indefinitely."

**JOHN HAY WHITNEY (1904-1982), Chairman**  
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## A Budget-Balancer's Games Book

By Bowman Cutter

The author, a senior official in the Office of Management and Budget in the Carter administration, is now a partner in a Washington accounting firm. He contributed this article to the Los Angeles Times.

**WASHINGTON** — All of us know that governments and legislative bodies are capable of kidney and cynicism. This month, a majority of the Senate proved by passing the balanced-budget constitutional amendment that it was capable of both at once.

Let us dispense with one issue immediately. Being for or against the balanced-budget amendment has absolutely nothing to do with being for or against balanced budgets. President Reagan amply proves this point. No one is more assertively for the amendment, and no president has ever proposed larger deficits.

The president's Office of Management and Budget projects a deficit of more than \$100 billion for next year, and deficits above \$75 billion for the foreseeable future. And everyone in the administration knows that the budget office is fudging by at least \$25 billion. On the evidence, Reagan likes deficits.

Let us also gloss over all normal objections to this amendment: that it debases the Constitution; that it is pure election-year symbolism; that it is crazy as long-term economic policy and makes government look even more foolish.

Let us focus instead on what will really happen. First, you must understand that this exercise in government is not real. Those who voted for this amendment were generally those who voted down the line last year for the largest tax cut in history and for the largest defense increases in history, and who fervently support entitlement programs at every opportunity. If you cut everything left in the budget, even if you voted to fire 200,000 civil servants, you would still not be able to move this amendment.

Once this amendment is in effect, I expect to see whole departments migrate off budget.

You are now going to say that no one would do all this. But you tell me. Suppose it's October, 1986, and the choice is cutting Medicare or cutting out one (or all) of these games. What do you think will happen?

I know that it is fashionable today to despise government, but this goes too far. Government — which is, after all, composed of fallible human beings — can be wrong, foolish, cynical and disingenuous. Anyone can cite examples. But this is no reason to give government this game. Both his 1982 and 1983 budgets were based on this game.

So what will happen? How do we get out of this box?

I think we will see a proliferation of fakery and gimmickry that will baffle the mind, because this amendment would put government budgets and finance in far worse shape than they already are. Some possibilities:

• The Old Economic Assumption Game: If you let me estimate economic growth high enough, and unemployment and interest rates low enough, I can balance any budget. Reagan is already a world-class player of this game. Both his 1982 and 1983 budgets were based on this game.

• The Off-Budget Game: Last year, everyone wanted to spend \$3 billion to buy oil for the strategic petroleum reserve. Problem: There was no room in the budget resolution. Solution: They spent the \$3 billion, but moved it off budget. They just decided not to count it.

Once this amendment is in effect, I expect to see whole departments migrate off budget.

• The Fake Cost-Saving Game: You can play this several ways: (a) estimating unspecified reductions in "waste"; (b) estimating large sales of government property; (c) estimating a high volume of offshore-oil-rights leasing; (d) estimating extensive "management improvements"; (e) estimating poor weather (which keeps farm harvests down, making prices go up and reducing government payments). All these estimates in our government accounting system are subtracted from spending estimates, and therefore make the deficit look smaller. In case they seem familiar, all are devices used extensively in the 1983 budget.

• The Reduced-Spending Assumption Game: Briefly, Congress provides spending authority to the government by appropriation — a legal process — but the actual spending that will occur is an estimate, a projection. These are difficult estimates to make. Clearly, under the pressure of a balanced-budget amendment, all the incentive will be to squeeze that estimate down to several billion. Note: The estimate, not actual spending, will be squeezed.

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**VELLERAAT PASSPORT** — A leader of the movement to unite the French-speaking Swiss hamlets of Vellerat with the canton of Jura displayed his symbolic local passport. With a border post and passports, the 70 rebellious inhabitants have declared Vellerat independent at least until Swiss authorities remove them from the German-speaking canton of Bern.

## Probe of Philippine Cadet's Death Reveals Sadism at Military School

By Pamela G. Hollie  
New York Times Service

MANILA — An investigation into the death by hazing of a cadet at the Philippine Military Academy has uncovered brutality and torture.

Camaraderie and esprit de corps have been supplanted by sadistic practices that "defile the image of the Philippine Military Academy," said Gen. Fabian C. Ver, the armed forces chief of staff. Gen. Ver has ordered a revamping of the disciplinary structure.

**Law and Order**

The academy was founded in 1903 when the United States established the Philippine constabulary to maintain law and order.

In the most serious case, Cadet John Ruvalo Castriciones was sen-

tenced July 12 by a seven-man military court to five years of hard labor for his part in the death of a fourth-class cadet, Andres Ramos, in November.

### Suspended From Academy

Cadet Gabriel Velasco, who failed to report the incident and who has been implicated in other hazing, was suspended from the academy for a year.

During the trial, witnesses testified that hazing at the academy in Baguio had gone beyond the original intent of building self-discipline and courage and had reached the level of institutionalized torture of underclassmen by upperclassmen. Cadet Ramos, the son of the regional commandant, Brig. Gen. Andres Ramos, died Nov. 9 of traumatic shock after the hazing.

Violence among young men destined to be the nation's future leaders casts a poor light on the academy's efforts to play down a warrior image. And the hazing incidents are particularly unwelcome now since human rights groups have been protesting military abuses of civilians.

The hazing controversy has put pressure on the academy and its new superintendent, Col. Jose M.C.L. Zunel, who was named in June, to step up the modernization of the academy's practices. Col. Zunel believes part of the challenge will be turning the academy, now an American-style institution patterned after West Point, including the gray wool jackets with black trim, into a Filipino one.

"Unlike West Point, it is our purpose to train men for more than just the military," he said.

"We are training men for national leadership."

Critics of the academy have charged that it was stripping cadets of their Filipino identity and that regulations, which force them to speak only English, alienated them from their homes and from the people.

### Opposition Calls Arrest of Union Chief A Move by Marcos to Terrorize Labor

United Press International

MANILA — Philippine opposition leaders Monday said the arrest of a major labor leader on sedition charges is an attempt by President Ferdinand E. Marcos to terrorize labor.

Former Sen. Lorenzo Tanada, chairman of the National Coalition for the Protection of Workers'

### Ernie Bushmiller, 76, U.S. Cartoonist Who Created the 'Nancy' Strip, Dies

United Press International

STAMFORD, Conn. — Ernie Bushmiller, 76, whose comic strip about a sassy little girl named Nancy and her high-minded Aunt Fritzi entertained three generations of readers, died at his home Sunday after a long illness.

In 1923, Mr. Bushmiller got the idea for a cartoon strip about a New York socialite called "Fritzi Ritz."

Nancy, Fritzi Ritz's niece, became so popular among readers that United Features changed the strip's name in 1938. "Nancy" was carried by as many as 542 newspapers in the United States and 102 abroad. Mr. Bushmiller was named "Cartoonist of the Year" in 1978 by the National Cartoonists' Society, of which he was a charter member.

Mr. Bushmiller, 76, whose comic strip about a sassy little girl named Nancy and her high-minded Aunt Fritzi entertained three generations of readers, died at his home Sunday after a long illness.

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## ARTS / LEISURE

## CROSSWORD

By Doyle  
McManus*Los Angeles Times Service*  
NEW YORK — Twenty-five across: "Head wreath," six letters.

Need another clue?

Stanley Newman  
laughed disdainfully.

"That was one of the easy ones," he said.

"Most puzzlers would  
get that one right  
away. It's 'anadem,' of course."

Of course. And 4 Across:

"Mouthpiece socket on a clarinet," four letters?

"Firm," replied Newman with  
asperity.It is not for nothing, clearly,  
that Newman was crowned Saturday as winner of the first United States Open Crossword Puzzle Championship.

In a hard-fought final penciled in before a cheering crowd of

about 400 devoted "puzzlers" in an auditorium at New York University, Newman, a 30-year-old bond analyst from Brooklyn, left Rebecca Korablich of Mundelein, Ill., and John Chervokas of Briarcliff Manor, N.Y., far behind.

Working against a clock, Newman finished the championship puzzle in 13 minutes, 20 seconds, with only one wrong letter. Chervokas, who finished second, and Korablich, who came in third, were still scratching their heads over the likes of "transude — four letters" when the 15-minute time limit ran out.

"Wow," Newman gasped, crossing the stage. He was handed a six-foot-long pencil, apparently as a badge of victory, and an equally large check for the winner's purse: \$1,500.

About 50 million Americans work on crossword puzzles occasionally, according to the Gallup Poll, but the 261 finalists at NYU's Greenwich Village cam-

pus were clearly not your average weekend dabblers.

These were true connoisseurs — or, as they might have put it, adepts, doyens, mavens, swells and darbs. These were people who fill out crossword puzzles as reflexively as the rest of us fill out our names and addresses, who soon the puzzles in the daily newspapers as too simple-minded, and who enjoy a snappy little exercise like throwing away the "down" clues and using only the "across" ones — "Just for the fun of it, don't you see?" said a woman finalist.

## Too Tricky

They cheered for their favorite crossword puzzle authors, and hissed at the ones who were considered too tricky. They hotly contested the legitimacy of words; debate raged over "givit" (for "the under wool of the must ox," of course) until one of the judges pointed out that it does appear in one dictionary and in the supplement to another. And they enjoyed the novelty of conversation with other se-

rious puzzlers, for crosswords are normally a solitary pastime, except for those, amateurs really, who call out desperately to spouses and others when they hit a sticking point.

Oddly, few puzzlers seem to be word-handlers by profession; there were not many lawyers, or editors, or English teachers in Saturday's crowd. Newman, the champion, began entering crossword contests last year, but did not tell anyone at his company "because I didn't want to be pegged as some kind of word worder."

And, happily for the rest of us, they did not seem to be infallible. Newman got one word wrong on the championship puzzle; for "arcric assistant" (three letters) he had "ell" instead of "elf." And he managed to get one word that he had never seen before. "I'd still like to know what a kachina is," he said.

Kachina? Why, as any adept in the U.S. Southwest knows, that's one of the easy ones. Hopi Indian doll. Seven letters.

## The Economist Is Booming Despite U.K. Slump

By Peter Osnos

*Washington Post Service*

LONDON — Britain is the home of many great institutions whose names are synonymous with quality in their fields but that lately have fallen on hard times.

Rolls-Royce, the auto and engine maker, went bankrupt several years ago and now is state-owned. Sotheby's, the legendary auctioneer, is running a huge deficit and may be sold. The Times of London is losing millions, and is no longer regarded as the best periodical in the English language.

But that distinction may still belong to another British institution — The Economist, which is booming by its own modest standards. Founded in 1843 — and edited later in the century by Walter Bagehot, the period's most famous British journalist of democratic politics and capitalist economics — the weekly's circulation has doubled to about 200,000 over the past decade.

With a determined marketing effort, it now sells a third of its copies in the United States. Last year, the magazine — it calls itself a newspaper, but is in magazine format — recorded a comfortable profit while most other serious British publications were struggling to break even.

It is as a publication, though, not as a business, that The Economist excels. Yet little is generally known about the people who write and edit it, or about the way it is put together, probably because

The Economist is one of the few journals whose staff members are still almost completely anonymous.

There are no bylines, masthead, or self-congratulatory explanations of how it got one story or another. There is in this anonymity a cultivated mystique, as if what The Economist is as an institution thinks or reports is more important than the personalities of the authors and editors.

The Economist shows the Union Jack where once the Royal Navy did the job. The magazine has subscribers from Albania to Zimbabwe, 160 countries in all.

To arrive at The Economist's particular mix of news, analyses and opinions, presented in literate and deliberately breezy prose, "it is probably easier not to be at the center of gravity" in Washington or New York, executive editor Dudley Fishburn said.

The core of the magazine's credibility is its ability to speak with a transatlantic voice, to maintain, in its own words, "as few prejudices as possible and certainly no party political prejudices." (This does not preclude a strongly anti-Soviet and generally anti-communist stance.)

The magazine succeeds in writing about the United States without being condescending — a temptation few Europeans can resist — and about the rest of the world in a way that seems comprehensible to its readers, Americans and non-Americans alike.

The academic or government English language tends to be Germanic," said Andrew Knight, The Economist's editor in chief for the past eight years. "We try to maintain a certain freshness, to be mid-Atlantic in our use of idioms, informed, but humorous and detached as well."

As Knight and Fishburn view it, the essence of The Economist's atmosphere is the handling of the people who produce it — 45 editorial workers and 45 secretaries, librarians and such.

The Economist's philosophy dates essentially from the tenure of Bagehot, 1860-77. Its commitment is to democratic values and, when suitable, capitalist economics. It is a firm believer in the strongest possible Western — especially U.S. — defense.

Though Knight is frequently quoted as placing the magazine in "the extreme center," The Economist is conservative enough to have supported Ronald Reagan in 1980. It still backs Reagan's basic economic and political objectives, but is less reverential about his style, observing, for instance, that he "rises lateish except when they wake him up with news of tanks in Poland, or whatever."

One needn't agree with The Economist's views to admire the way they have been put. Good writing is its forte. On OPEC, for example: "Hooyay for the dictators in OPEC, and pray that it might be terminal. It probably won't be. False news of OPEC's impending death has erupted before as often as Mark Twain reckoned he gave up cigars."

Stratas said she almost gave up singing last year because her career kept her "too busy to keep in mind what is truly important." Last summer she spent a month in Calcutta, working in Mother Teresa's home for the dying.

"I think Mother Teresa is one of the few lights in very dark and troubled times," Stratas said.

When she met the Nobel laureate,

she asked her name and I said,

"Teresa." I could see she thought I was muddled by the occasion. She wanted to say, "No dear, that's my name. What's yours?"

Stratas said she finally realized that "I could help more if I sang and gave them some of my fees." Part of her "La Traviata" earnings will be sent to Calcutta.

She said of the difficulties com-

## Zeffirelli Puts 'La Traviata' on Film

By Kay Withers  
*International Herald Tribune*

ROME — The New York Metropolitan Opera chorus and orchestra burst into the final act of Verdi's "La Traviata." The Bolshoi star Yekaterina Maximova and a bevy of dancers in bull masks pranced towards Maximova's partner, Vladimir Vasilev.

Vasilev, glittering in matador costume, twirled Maximova around his head and — oops! — knocked her headdress askew.

Embarrassment all round? No. This performance was taking place not before an opera house audience but on a sound stage at Rome's Cinecittà. The take could be redone.

Opera has never done well at cinema box offices, as Ingmar Bergman's "The Magic Flute" and Joseph Losey's "Don Giovanni" have recently illustrated. But Franco Zeffirelli, the director of "La Traviata," believes that its time has come.

"It's difficult to adapt Verdi, Wagner, Rossini, Bizet to today's consumer society," he said, "but there is a renewed interest in opera film, partly because no one is making musicals anymore."

If anyone can turn Verdi into a film hit, Zeffirelli can. Fifteen years ago the pundits were predicting that Shakespeare on film would never sell. Then Zeffirelli made "Romeo and Juliet," which has been on Variety's annual list of money-spinners ever since.

Not an "art for art's sake" addict, Zeffirelli sees in his version of "La Traviata" all the ingredients of success — a strong plot, an internationally renowned cast and superb technical backup.

During a visit to the set before the shooting ended, the Tuscan director, who has filmed "Cavalleria Rusticana" and "Pagliacci," described the story of the Parisian demimonde, forced by social pressure to give up the man she loves, as "a revolutionary libretto."

Society, he said, "created prostitutes and then, when they asked to be human beings, it crushed them."

The casting of the consummate Violetta, often played on stage by hefty sopranos, was crucial in transferring Verdi to film. Zeffirelli chose the tiny Greek-Canadian soprano Teresa Stratas.

"I would never have attempted 'La Traviata' without Teresa Stra-



Plácido Domingo, Teresa Stratas in "La Traviata."

tar," he said, scoffing at suggestions that he would have preferred to make the film years ago with Callas, whom he directed in the role onstage in 1958. "Maria Callas was part of a certain period of my life, but I don't believe she was a Violetta for the cinema. Stratas has a special fragility."

Pale, wide-eyed, intense and adoring ("Zeffirelli is a genius!"), Stratas said: "I come from a humble background and opera is very elitist. When Franco said the film would bring it to the masses, that appealed to me."

Stratas said she almost gave up singing last year because her career kept her "too busy to keep in mind what is truly important." Last summer she spent a month in Calcutta, working in Mother Teresa's home for the dying.

The film opens with Alfredo's return, and the story is told in flashback. The opulent, elaborate sets create a dreamlike effect. Giammi Quaranta began work on the sets last January, and in five months created what Zeffirelli termed "a triumph of plastic and Plexiglas." The heavy "damask" curtains, for instance, are painted bubblegum pink with garbage-bag plastic. The "Aubusson" rug in Flora's salon is cheap, plain carpet painted in the traditional design.

"We had orders to use the cheapest materials we could buy. So was Plácido Domingo, the Spanish tenor playing Alfredo, the soprano's lover, whom she dismisses under pressure from his family and whom she then sees only once more before she dies.

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A clapper appeared. La Traviata. Scene 51. Take 3.

Maximova took down the curtain and the bulls were ready to go again. The tension built. Suddenly a bull sneezed. "Kleenex to the bulls!" The extras relaxed again.

The Act 3 music blared again. Zeffirelli, blue-cheeked skin open to an incipient punch, peered down the viewfinder. "Lights!" he yelled. "The hydrangeas behind her are lit like Christmas trees and she's in the dark." Frantic fiddling with spots picked out Maximova's pink and black costume.

Maximova and the bulls were ready to go again. The tension built. Suddenly a bull sneezed. "Kleenex to the bulls!" The extras relaxed again.

The new Act 3 music blared again. Zeffirelli, blue-cheeked skin open to an incipient punch, peered down the viewfinder. "Lights!" he yelled. "The hydrangeas behind her are lit like Christmas trees and she's in the dark." Frantic fiddling with spots picked out Maximova's pink and black costume.

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## BUSINESS / FINANCE

TUESDAY, AUGUST 17, 1982

## BUSINESS BRIEFS

## Aetna Share in Montagu Allowed

LONDON — The British Trade Department said Monday that the purchase of a 40-percent stake in Samuel Montagu & Co. by Aetna Life & Casualty from Midland Bank will not be referred to the Monopolies and Mergers Commission. The \$66 million (\$112 million) transaction was announced last month.

## Mobil Firm on Closing Dutch Plant

AMSTERDAM — Mobil Oil said Monday that it had rejected union proposals for keeping its Amsterdam refinery open and that it will proceed with plans to close the operation as soon as possible.

A company statement said a report by unions and the works council suggesting greater use of North Sea crude or Dutch state involvement in the plant would not solve its problems.

Mobil announced in May it intended to end refining operations by Sept. 1 because of losses that totaled 224 million guilders (\$82 million) between 1977 and 1981. Mobil Monday gave the required one-month's notice of closure, and barring legal action, it expects to cease refining in mid-September.

## Exxon, Broken Hill Reassess Plan

MELBOURNE — An Exxon/Broken Hill Proprietary consortium has asked government permission to surrender its rights to at least one of its two Exmouth Plateau oil-scout licenses, a Broken Hill spokesman said Monday.

The oil industry had long considered that the plateau off northwest Australia was the continent's last opportunity for a major petroleum discovery. The two companies had planned a total of 21 wells in the deep-water region, but the lack of success in eight drilled so far at an estimated cost of 100 million Australian dollars (\$38 million) forced them to reassess the plan.

A spokesman for Peter Jones, Western Australia's mines and energy minister, said that the Exxon/Broken Hill Exmouth Plateau program is still under discussion and that he could not comment.

## U.S. Duties Sought on Brazilian Plane

GERMANTOWN, Md. — Fairchild Industries Inc. said it has asked the U.S. government to impose duties on a turboprop plane sold by Empress Brasileira de Aeronautica S.A. of Brazil.

Fairchild said it has lost "millions of dollars" in sales of commercial turboprop aircraft and hundreds of jobs because of subsidies that Empress has received for the development, production and sale of its 18-passenger turboprop plane. Since 1978, the U.S. company charged, the Brazilian government has subsidized sales of the plane in the United States by offering preferential financing terms, and the Brazilian company has increased its U.S. market share to 35 percent from below 7.5 percent.

If an investigation shows that Empress has been subsidized and has hurt U.S. producers, Fairchild said, the U.S. government will impose duties to counteract the subsidies.

Compiled From Agency Dispatches

## Mexico Relaxes Stand On Foreign Exchange

Compiled By Our Staff From Dispatches

MEXICO CITY — The Bank of Mexico partially lifted a ban on the sale of dollars and other foreign currencies Monday, but it maintained a freeze on all dollar accounts in Mexican banks as part of its effort to save the country's dwindling monetary reserves.

The Bank of Mexico, the country's central bank, suspended all foreign currency trading on Friday and froze dollar accounts in an attempt to check a rush by people anxious to buy dollars because of fears the peso's value would drop further. The peso was "floated" Aug. 6 and its value dropped 7.5 percent.

Observers believe that the central bank could have run out of dollars to honor these accounts. So the government converted the accounts into peso accounts; instead of supplying the dollars, the government assumed the free market would supply them.

In addition to the government crisis, banking experts said that foreign-exchange losses also have left many of Mexico's companies in very bad shape and that there could be many bankruptcies later this year if the companies do not have the capital to cover probable losses.

Bankers also worry that this crisis is a further sign that the government might lack the money to meet payments on its approximately \$8 billion foreign debt.

But Monday a French bank consortium issued a 3.7 billion peso (\$53 million) loan to the Mexican state-owned steel company Sicasra, authorities said.

The consortium, led by Banque Paribas and the Banque Francaise du Commerce Extérieur, extended the loan to fund the building of an iron ore concentrate plant in Lázaro Cárdenas, a western Mexican port, according to a communiqué issued by the government steel holding company, Sidemex.

The loan, carrying a fixed 7.4 percent interest rate, is payable over 20 years, including a seven-year grace period. The Citicorp proposal was \$143 million less than the next lowest bid.

Many believe Friday's move was a last resort as the country's dollar

## AEG Unit Seeks Debt Settlement

Compiled By Our Staff From Dispatches

GELSENKIRCHEN, West Germany — A subsidiary of AEG-Telpherun AG filed Monday for court-supervised debt-settlement proceedings to avert bankruptcy.

A spokesman at the Kueppersbusch AG subsidiary said AEG, West Germany's second largest maker of electrical and electronic goods, triggered the step by withdrawing financial backing last week after itself seeking a court debt settlement to stave off bankruptcy.

Kueppersbusch said production

## Citicorp Advances In S&amp;L Bid

WASHINGTON — Citicorp won Monday the first round in its attempt to cross state lines and acquire a savings and loan association in the lucrative California market.

The plan to buy Fidelity Savings & Loan of San Francisco, which has been in receivership since last April when it was taken over by federal regulators, still must be approved by the Federal Reserve Board, the chief regulator of commercial banks. But Monday's approval by the Federal Home Loan Bank Board was an important victory for Citicorp.

The Fed's decision could be precedent-setting, because at present U.S. commercial banks are not allowed to operate formally in more than one state. The bank board began to allow interstate mergers between savings associations only last September to make possible the kind of consolidations that have saved several associations from closing. The Fidelity-Citicorp merger is the first the bank board has approved with a commercial bank.

If the merger goes through, Citicorp probably would become undisputedly the largest U.S. bank. With \$120 billion in assets, New York-based Citicorp is the second largest U.S. commercial bank holding company, after California's BankAmerica Corp. Citicorp already is the largest in terms of loan volume.

The total cost of the merger to Citicorp was not clear. But the bank board said Citicorp has agreed to pump about \$80 million into Fidelity immediately, enough to bring the S&L's net worth to federal requirements, 3 percent of liabilities.

Under the agreement, the Federal Savings and Loan Insurance Corp., which insures depositors' money in S&Ls, would subsidize some of the low-yielding loans on Fidelity's books over 12 years. Citicorp might be required to repay part of the subsidy, depending on the S&L's profit performance.

The estimated present value cost of the agreement to the FSLIC is \$165 million," the announcement said.

The board took over operations of Fidelity Savings April 13 after it was closed by California state regulators. The closing was accompanied by the resignations of the four top executive officers of Fidelity, which is the 21st-largest S&L in the United States and has 81 offices mainly in Northern California.

The bank board and FSLIC rely heavily on their ability to arrange mergers as a means of preventing failures by S&Ls. Such savings institutions have been particularly hurt by high interest rates because their assets are primarily 30-year mortgage loans made at low rates.

Bank board officials have estimated that nearly one-quarter of the industry, or about 900 S&Ls, could go out of business by the end of 1983 if rates do not drop significantly.

Word that Citicorp would win the bidding aroused a heated lobbying effort by BankAmerica, the California Bankers Association and others, including the California savings and loan commission, Linda Tsao Yang. She maintains that the entry of Citicorp would further undermine S&Ls in California by injecting a competitor that would be too powerful.

Congressional pressure forced the bank board to conduct a second round of bidding to allow California institutions a chance to beat the Citicorp offer. Three other bidders made new offers in the second round, but the bank board said that, in terms of cost to the insurance fund, the Citicorp proposal was \$143 million less than the next lowest bid.

Mexican Finance Minister Jesus Silva Herzog held talks during the weekend with officials of the International Monetary Fund. He discussed a possible IMF arrangement to help Mexico overcome its current economic crisis, but finance ministry officials were not available for comment.

Many believe Friday's move was a last resort as the country's dollar

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But the company said it has put some of its 2,000 workers on shortened working hours.

Last Monday, AEG proposed in its court application to pay creditors 40 percent of its debt, estimated at nearly 5 billion DM.

West German banks are due to decide this week whether to pour new credit into AEG. The cash injection is needed to pay for the company's short-term expenses, including its monthly wage bill for its 120,000-member work force.

The West German government, which has announced it is prepared to guarantee more bank credits for the company, said it still did not have enough information about AEG's restructuring plans to be able to grant the credit guarantees.

AEG holds about 97 percent of Kueppersbusch, a maker of household electronics goods, which has annual sales of \$60 million Deutsche marks (\$144 million).

Under the debt-settlement plan presented to the court, Kueppersbusch reportedly is offering to pay 41.2 percent of its total debt if its creditors agree to write off the remaining share.

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### *Dow Jones Averages*

	Open	High	Low	Close	Chg %
3B Ind	795.09	802.84	780.53	792.43	+1.44
20 Trn	297.44	302.91	294.36	297.31	+0.82
15 UH	107.42	108.71	106.87	107.35	+1.52
65 Srk	304.33	310.37	304.35	306.46	+2.72

	High	Low	Close	Chg %
Comcaste	104.21	103.10	104.49	+1.24
Industrials	118.20	115.10	115.74	+1.12
Utilities	52.84	52.91	52.77	+0.44
Finance	124.22	117.45	115.83	+2.08
Trans.	16.45	14.31	16.43	+0.15

	Buy	Sold	Short
Aug 14.....	161.254	211.735	1,447
Aug 13.....	162.494	240.971	1,442
Aug 12.....	163.141	241.472	2,071
Aug 11.....	115.315	224.040	678
Aug 10.....	124.219	291.257	3,082

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**Market Summary, Aug. 16**

Market Diaries				AMEX Stock Index			
	NYSE	AMEX		High	Low	Close	Chg.
	Close	Prev.		229.44	227.44	228.27	+0.27
51.47	52.45	494	4.87				
1,144	946	224	270				
22.70	32.40	1,63	6.85				
411	473	214	251				
15.85	7.53	144	3.97				
374	429	223	279				
1,421	1,341	767	740				
30	57	104	6				
57	106	30	61				

AMEX Most Actives			
	Sales	Close	C
DomePtr	450,500	256	2%
TubeMax	332,900	716	1%
Crutch Res	120,300	154	1%
DunhillCos n	110,100	154	1%
Wing's	101,200	251	2%
Champ Ho	84,600	250	2%
UnivResars	62,200	174	1%
Shruth Well	56,800	174	1%
GFBas Pet	50,100	174	1%

	FIR	LB	SB	OB
Composite Industries	104.21	103.56	104.09	+0.3%
Utilities	118.26	115.18	115.74	+0.5%
	52.84	52.81	52.37	+1.0%

	Bought	Sold	% Change
Finance	12,821	11,746	+8.3
Tyco	14,481	16,371	+1.2
<b>Odd-Lot Trading in N.Y.</b>			
Avg 14.....	161,224	211,935	+2.4
Avg 13.....	103,494	240,571	+1.4
Avg 12.....	103,141	241,472	+2.0
Avg 11.....	115,515	224,482	+1.8
Avg 10.....	124,219	211,287	+3.4

### *Dow Jones Bond Averages*

	Closes	Chg.
Bonds	63.48	+0.54
Utilities	59.88	+0.80
Industrials	61.52	+0.17

Today's NYSE Closing Prices  
Tables include the nationwide prices up to the closing on Wall Street.

Tables include the nationwide prices up to the following:

12 Month High	Low	Stock	Div.	Yld.	P/E	10% Sia.	High	Low	Close Prev Quot.	Close Prev Quot.	
										High	Low
714	514	AAR	44	—	—	7.3	18	9	6	578	6
424	276	ACF	2.76	—	—	4.1	17.26	50	29	204	29
202	124	AMF	1.08	—	—	1.1	12.16	23	12.24	124	+ 36
514	224	AMG	2	—	—	14	1	3	3	3	3
224	224	AMIA	30	—	—	21	21	21	20	204	204
214	114	AVX	.32	—	—	21.34	45	25	25	175	+ 16
224	224	AVX	.34	—	—	25.13	136	136	136	296	+ 20
244	156	AcmeC	L40	—	—	8.3	5	5	5	176	+ 16
614	514	AcmeC	L40	—	—	5.0	8	12	6	576	+ 16
4	4	AcmeDs	L40	—	—	17.	156	12	12	124	+ 16
156	725	AcEx	2.25	—	—	2.5	17	156	12	714	+ 16
814	456	AcInn	MN	—	—	32	25.25	25	25	215	+ 16
274	14	AAAD	—	—	—	2.5	1.2	2	2	102	+ 16
482	327	AAIMLI	2.52	—	—	4.8	4.8	4.8	4.8	102	+ 16
174	8	AAI	—	—	—	1.2	1.2	1	1	102	+ 16
314	214	AAI	40	—	—	1.2	1.2	1	1	102	+ 16
224	224	AAIPrd	.88	—	—	2.2	6	5	5	102	+ 16
124	734	AAIPrd	.40	—	—	5.7	15	5	5	102	+ 16
144	734	AAIPrd	.40	—	—	5.7	15	5	5	102	+ 16
162	734	AAIPrd	.40	—	—	5.7	15	5	5	102	+ 16
274	214	AIoP	pTA129	—	—	15.	15	15	15	102	+ 16
674	514	AIoP	dp107	—	—	15.	15	15	15	102	+ 16
64	514	AIoP	dp107	—	—	15.	15	15	15	102	+ 16
35	454	AIoP	dp107	—	—	15.	15	15	15	102	+ 16
18	454	AIoP	dp107	—	—	15.	15	15	15	102	+ 16
13	13	Alco	1.40	—	—	14.	14	12	12	102	+ 16
214	224	Albany	1.20	—	—	5.0	5.0	4	1	102	+ 16
1424	934	Alberto	.50	—	—	4.7	6	5	5	102	+ 16
224	1514	Albert	1	—	—	2.0	10	8	8	102	+ 16
314	174	Albert	1.08	—	—	5.0	12	10	10	102	+ 16
304	20	Albert	1.12	—	—	6.8	6.8	6	6	102	+ 16
154	714	Albert	1.20	—	—	6.8	6.8	6	6	102	+ 16
124	224	Albert	1.20	—	—	6.8	6.8	6	6	102	+ 16
77	454	Albert	1.20	—	—	6.8	6.8	6	6	102	+ 16
214	1424	Albert	1.20	—	—	6.8	6.8	6	6	102	+ 16
77	454	Albert	1.20	—	—	6.8	6.8	6	6	102	+ 16
214	1424	Albert	1.20	—	—	6.8	6.8	6	6	102	+ 16
18	124	AlEntg	2.16	—	—	10.	6	25.25	25.25	102	+ 16
546	284	AlEntg	2.40	—	—	7.5	15	4	4	102	+ 16
514	454	AlEntg	dp107	—	—	7.5	15	4	4	102	+ 16
76	152	AlEntg	1	—	—	13.	9	2.2	3	102	+ 16
324	224	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
314	224	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
194	1424	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
2054	614	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
1514	214	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
124	214	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
7	146	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
1524	214	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
414	454	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
214	1424	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
77	454	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
214	1424	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
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214	1424	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
77	454	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
214	1424	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
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7	146	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
1524	214	AlEntg	1.01	—	—	13.	9	2.2	3	102	+ 16
414	454	AlEntg	1.01	—	—	13.					

(Continued on Page





**\$2,565,000,000**

Zero Coupon

## Treasury Investment Growth Receipts Series 1

**\$1,715,000,000 Serial TIGR's due Semiannually November 15, 1982-2006**

**\$850,000,000 Callable TIGR's due November 15, 2011**

Treasury Investment Growth Receipts ("TIGR's"), Series 1, evidence ownership of future interest and principal payments on \$500,000,000 United States Treasury 14% Bonds due November 15, 2011 (the "Bonds") to be held by Manufacturers Hanover Trust Company (the "Custodian") for the benefit of TIGR owners.

The obligor with respect to TIGR's is The United States of America.

Separate maturities of TIGR's (the "Serial TIGR's") are being offered with respect to each semiannual interest payment on the Bonds up to and including November 15, 2006, when the Bonds initially become subject to call for redemption by the United States. There will not be any payments on Serial TIGR's prior to their maturities. The last ten semiannual interest payments on and the principal of the Bonds are being offered together as single units (collectively, the "Callable TIGR's"). There will not be any payments on Callable TIGR's prior to May 15, 2007 unless redeemed. Callable TIGR's will be redeemed, in whole or in part, on or after November 15, 2006 if and when the Bonds are redeemed at the option of the United States. See "Summary and Supplemental Information" and "Description of Treasury Investment Growth Receipts" in the Offering Circular related hereto.

The face amount of each TIGR will be the payment or payments to be received thereon. The TIGR's are being offered at substantial discounts from their face amounts. See "Federal Income Tax Consequences" in the Offering Circular for a discussion of the United States tax treatment of TIGR's under both current law and proposed legislation, including the implications of issue discount and for a discussion of state and local taxation of TIGR's.

See "Investment Restrictions" in the Offering Circular for restrictions on the purchase of Callable TIGR's by corporations and governmental entities and the simultaneous purchase of Serial TIGR's and Callable TIGR's by the same investor.

Merrill Lynch, Pierce, Fenner & Smith Incorporated intends to maintain a market for TIGR's but is not obligated to do so. See "Secondary Market" in the Offering Circular.

Treasury Investment Growth Receipts and TIGR's are trademarks of Merrill Lynch & Co., Inc.

The TIGR's are offered at the prices and in the minimum face amount denominations shown under "Initial Prices" in the Offering Circular. The Serial TIGR's have 49 separate maturities with aggregate face amounts of \$35,000,000 due semiannually from November 15, 1982 to November 15, 2006. The Callable TIGR's are due November 15, 2011. There will be nine semiannual payments, each aggregating \$35,000,000, on Callable TIGR's prior to their maturity and payments aggregating \$35,000,000 thereon at their maturity.

The TIGR's are offered when, as and if delivered and subject to the right to reject orders in whole or in part. Certain legal matters with regard to TIGR's are being passed upon for Merrill Lynch, Pierce, Fenner & Smith Incorporated by Brown, Wood, Ivey, Mitchell & Petty. It is expected that the TIGR's, in bearer form, will be ready for delivery against payment therefor in Federal or other immediately available funds on September 1, 1982.

### INITIAL PRICES

<u>Maturity Date</u>	<u>Aggregate Face Amount (in millions)</u>	<u>Price as % of Face Amount(1)</u>	<u>Yield to Maturity(2)</u>	<u>Minimum Denominations(3)</u>	
				<u>Serial TIGR's</u>	<u>Rounded Price(1)</u>
November 15, 1982	\$ 35.0	97.905%	10.50%	\$ 3,500(6)	\$3,427
May 15, 1983	35.0	92.279	11.75	3,500	3,230
November 15, 1983	35.0	86.664	12.25	3,500	3,033
May 15, 1984	35.0	80.045	13.50	3,500	2,802
November 15, 1984	35.0	74.983	13.50	3,500	2,624
May 15, 1985	35.0	69.799	13.75	3,500	2,443
November 15, 1985	35.0	65.309	13.75	3,500	2,286
May 15, 1986	35.0	61.108	13.75	3,500	2,139
November 15, 1986	35.0	57.177	13.75	3,500	2,001
May 15, 1987	35.0	53.499	13.75	3,500	1,872
November 15, 1987	35.0	50.057	13.75	3,500	1,752
May 15, 1988	35.0	46.837	13.75	3,500	1,639
November 15, 1988	35.0	43.824	13.75	3,500	1,534
May 15, 1989	35.0	41.654	13.50	3,500	1,458
November 15, 1989	35.0	39.020	13.50	3,500	1,366
May 15, 1990	35.0	36.553	13.50	3,500	1,279
November 15, 1990	35.0	34.241	13.50	3,500	1,198
May 15, 1991	35.0	32.076	13.50	3,500	1,123
November 15, 1991	35.0	30.048	13.50	3,500	1,052
May 15, 1992	35.0	28.148	13.50	3,500	985
November 15, 1992	35.0	26.368	13.50	3,500	923
May 15, 1993	35.0	26.634	12.75	7,000	1,864
November 15, 1993	35.0	25.037	12.75	7,000	1,753
May 15, 1994	35.0	23.537	12.75	7,000	1,648
November 15, 1994	35.0	22.126	12.75	7,000	1,549
May 15, 1995	35.0	20.800	12.75	7,000	1,456
November 15, 1995	35.0	19.554	12.75	7,000	1,369
May 15, 1996	35.0	18.382	12.75	7,000	1,287
November 15, 1996	35.0	17.280	12.75	7,000	1,210
May 15, 1997	35.0	16.245	12.75	7,000	1,137
November 15, 1997	35.0	15.271	12.75	7,000	1,069
May 15, 1998	35.0	14.356	12.75	7,000	1,005
November 15, 1998	35.0	13.496	12.75	7,000	945
May 15, 1999	35.0	12.687	12.75	7,000	888
November 15, 1999	35.0	11.927	12.75	7,000	835
May 15, 2000	35.0	11.212	12.75	7,000	785
November 15, 2000	35.0	10.540	12.75	7,000	738
May 15, 2001	35.0	9.908	12.75	7,000	694
November 15, 2001	35.0	9.314	12.75	7,000	652
May 15, 2002	35.0	8.756	12.75	7,000	613
November 15, 2002	35.0	8.231	12.75	7,000	576
May 15, 2003	35.0	8.530	12.25	14,000	1,194
November 15, 2003	35.0	8.038	12.25	14,000	1,125
May 15, 2004	35.0	7.574	12.25	14,000	1,060
November 15, 2004	35.0	7.137	12.25	14,000	999
May 15, 2005	35.0	6.725	12.25	14,000	941
November 15, 2005	35.0	6.337	12.25	14,000	887
May 15, 2006	35.0	5.971	12.25	14,000	836
November 15, 2006	35.0	5.626	12.25	14,000	788
	1,715.0				
November 15, 2011(4)	<u>850.0</u>	<u>3.521</u>	<u>12.25(5)</u>	<u>42,500(6)</u>	<u>1,496</u>

(1) Plus accrued amortization, if any, from September 1, 1982 to date of delivery.

(2) Compounded on a semiannual basis.

(3) See "Forms and Denominations" under "Summary and Supplemental Information" in the Offering Circular related hereto.

(4) Will be redeemed, in whole or in part, on or after November 15, 2006 if and when the Bonds are redeemed. See "Redemption of Callable TIGR's" under "Summary and Supplemental Information" and "Callable TIGR's" under "Description of Treasury Investment Growth Receipts" in the Offering Circular related hereto.

(5) Represents yield to average life of approximately 28.2 years.

(6) Consists of ten face amount payments of \$1,750 payable semiannually on May 15 and November 15 commencing May 15, 2007 and a face amount payment of \$25,000 payable on November 15, 2011.

# Merrill Lynch Announces TIGR's

New Treasury Investment Growth Receipts combine the benefits of zero coupon issues with the security of U.S. Government obligations.

By combining advantageous features of two existing kinds of investments, Merrill Lynch has created a new kind of opportunity for investors.

Treasury Investment Growth Receipts (TIGR's) have a high locked-in rate of return, predictable cash flow, maturities ranging from three months to 29 years, and all the other investment advantages of a zero coupon issue. In addition, they give you the certainty—important in a long-term investment—of an obligation of the U.S. Government.

That makes TIGR's ideal for such diverse institutional uses as pension funds, corporate IRA accounts, trust funds, and dedicated portfolios. Strategically, too, TIGR's have an interesting variety of applications; consider them for interest rate hedging, for example, or for portfolio immunization, liability defeasance, or offsetting GIC commitments.

TIGR's will be offered exclusively by Merrill Lynch Account Executives and Merrill Lynch intends to maintain a secondary market in them. To place orders or to seek further information, please call your Merrill Lynch Account Executive who will provide you with a copy of the Offering Circular.

**Merrill Lynch White Weld Capital Markets Group**

Merrill Lynch, Pierce, Fenner & Smith Incorporated



## SPORTS

**'What's With These Reds — Are They the Worst, or What? Just About'**By Richard Hoffer  
*Los Angeles Times Service*

**CINCINNATI** — The sound of Marry and Joe on Reds Radio is a kind of urban elevator music here. The broadcast booms through Riverfront Park, where families go to find the summer breezes of hot nights. It echoes through the old German neighborhoods, where men sit on front stoops enduring the humidity. It replaces conversation at spots like the Phoenix Cafe, where customers silently pull at cold bottles of Budweiser.

But lately the sound has not exactly been music to everybody's ears. This annual background of city life has acquired a sort of static, the scratchy sound of chronic defeat. And the rest of the airwaves, for that matter, are likewise polluted by despair. "Bob," says a caller on a sports talk show just down the dial from Reds Radio, "What's with these Reds — are they the worst, or what?"

The Cincinnati Reds are, in fact, the worst in the National League

(42 victories, 75 defeats and a winning percentage of .359) and would be the worst team in all of baseball if it were not for Calvin Griffith's mystery campaign — 77-342 — in Minnesota. At their present rate, the Reds will almost certainly lose more than 100 games this season. For their fans, traditionally loyal and plentiful, that does not make for easy listening.

The shock of Cincinnati's deep decline has not yet worn off here. True, the popular has had some time to reconcile itself to losing the Reds having started the season in last place. Most of the fans, for that matter, were able to anticipate the downfall months before the season, when people like George Foster and Ken Griffey and Ray Knight were being dealt away. All the same, for the Reds to be in last place — it does not happen.

It had not happened, that is. The Reds were baseball's big winners in the '70s, both in the stands and on the field, which was remarkable considering their small

economic base. Since 1969 they have won their division six times and the World Series twice. Even last year, in a split season, the Reds had the best record in baseball.

## Adrift

And the fans responded. The Reds, through some complicated arithmetic, claim baseball's highest ratio of attendance to population.

In any event, this much is clear:

Since '69 they have drawn more than 2 million fans eight times.

Only the Los Angeles Dodgers, in a substantially bigger market, have exceeded that.

Dick Wagner is the team's president and chief executive officer. As such he is the man held most responsible for the big decline. He is the man people love to hate in this summer of discontent.

Is it really his fault? Most as-

suredly not, he'll tell you. Sitting in his office beneath the stands at Riverfront Stadium, Wagner, 51, carefully explains that all the moves of the past several years were necessary. They may not have worked out, he says, but, given the Reds' philosophy, they were unavoidable.

That philosophy in brief: Invest

in player development, stay out of

the free-agent market and remain

flexible by not getting tied up with guaranteed contracts.

Through the years, that has pro-

duced success. While the rest of

baseball was drawing money around,

the Reds were quietly

working up some prospects down

the farm for the day when their

established stars would want the

money everybody else was throw-

ing around.

When Pet Rose opted for free

agency (and \$3.2 million) in 1979,

the Reds produced a clone named

Ray Knight. Except for the size of

the paycheck, there was no dropoff

in numbers at third base.

When Joe Morgan was allowed to

depart without protest, Ron Oer-

ster was brought up and he made

everybody forget about Little Joe.

Earlier, Tony Perez had begun

thinking of more money. He was

quickly traded to make room for

Dan Driessens, another homegrown

hand. No looking back.

Wagner: "We've selected our

destiny of trying to accomplish

winning by heavy use of the farm

system." Until now it was a mag-

nificent destiny. But then Wagner

traded away an entire outfield —

Foster, Griffey and Dave Collins.

"Some trades," he explains, "are

made because of age, some are

forced by the re-entry draft and

some are to balance the ballclub.

There comes a time, too, when if

you pay attention to your farm

club, you have to play them."

So Foster, who wanted a \$10

million, five-year contract was

swapped to the New York Mets.

Griffey and Collins, neither a

friend of Wagner, were shipped to

the New York Yankees. Knight,

meanwhile, was traded to

the Houston Astros. And a whole bunch of kids on the

Indianapolis team were brought

up.

It could have worked out. It just

didn't. The kids haven't produced,

and what veterans were left haven't

been able to pick up the slack.

Nor has there been much

pitching. Tom Seaver (5-13) is hav-

ing the worst year of his career, so

are most of his colleagues.

"Cheaps?"

But if it is Wagner's contention

that he has just been unlucky, it is

the general opinion, beyond his

office, that he has been cheap.

There are some big-money con-

tracts — Johnny Bench at about

\$900,000 a year, Dave Concepcion

at about that and Tom Hume (who

won in arbitration) at \$595,000.

But mostly there are a lot of ma-

jor-league minimums.

"Cheap?" That really offends

me," says Wagner. "We've had six

clubs in our farm system, we've

kept our own scouts. I don't see us

as a cheap organization. But to pay

Foster \$2 million a year, it doesn't

make economic sense. I have no

limitations, but I don't want to

bankrupt the club, either."

No economic sense? Suppose

Foster produced for the Indians (in

fairness, he is not producing for

the Mets). Suppose the more

than two million fans showed up, as al-

ways. There's your \$2 million a

year in ticket sales.

But that idea offends Wagner,

too. "In the late '70s we had the

National League," he says (and the best

ballclub, it might be mentioned).

And now? "We're very young."

As for payrolls, where do the

Reds stand in the league? "Probab-

ly in the lower six this year."

It was inevitable that the Reds

would fire Manager John

McNamara. Not just because of

the won-lost record; it became in-

evitable when McNamara began

piping up about Wagner's lineup

orders.

If McNamara had to go, it made

sense that Russ Nixon had to

come. Nixon, like all these kids

named Householder and Lesley, is

a product of the farm system, a be-

liever in the system.

A former catcher in the Ameri-

can League, Nixon has since been

in the Cincinnati organization as

minor-league manager and major

league coach for 13 years.

"This is a good situation for me."

said Nixon. "Now, I can see what

better time to do it? There will

never be this little pressure again. I

hope."

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Reluctant

McNamara had been a little re-

luctant to see what these young

people could do, even when the old

